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TO: The Governor's Advisory Council on School Funding

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SUBJECT: Other State Funding Structures

Montana schools utilize a fund structure that is outlined by the Office of Public Instruction (OPI). OPI's accounting manual requires schools to follow a fund structure that was established by the National Council Governmental Accounting (NCGA) in 1979. NCGA published basic principles related to accounting (GAAP) and reporting of all governmental organizations.

I obtained the school financial manuals from other surrounding states (Colorado, South Dakota, Wyoming, North Dakota and Idaho) to determine how their fund structure compares to Montana. All of the surrounding states contacted require schools to utilize the same "basic fund structure" as Montana. The common structure is identified below.

Fund	Fund Type
Governmental	General Fund Special Revenue Capital Projects Debt Service
Proprietary	Internal Service Enterprise
Fiduciary	Trust Agency
Account Groups	Fixed Assets Long Term Debt

The attached table attempts to match "specific fund types" used by Montana to "specific fund types" used in other surrounding states. Montana appears to have many "stand alone" fund types that are not required in other states. Specific statutory funds types not used in any other surrounding state include *tuition, retirement, adult education, non-operating, lease rental, compensated absence, metal mines tax reserve, state mining impact, impact aid, litigation, payroll, claims, retirement/colbra, and interlocal agreement.*

The financial manual for Colorado and Idaho provided the most detail related to “specific fund types”. Idaho has identified 44 specific fund types, most of which are restricted federal and state grants. Colorado uses 20 specific fund types. South Dakota, Wyoming and North Dakota’s financial manual only describes the broad fund types that have been identified above.

There are a couple of on-going national accounting issues that the Advisory Council should be aware of.

- GASB 34, which is just beginning to be implemented by some state and local government entities, will comprehensively change financial reporting. As it relates to fund structure, the “account groups” will be dissolved and moved to governmental funds and some “trust funds” will be moved to governmental funds.
- The National Council on Education Statistics (NCES) is revising the NCES accounting handbook "*Financial Accounting for Local and State School Systems 1990*". The accounting firm of Deloitte and Touche is assisting this project. NCES hopes to have a draft of the accounting handbook available by the fall, and a final version available in Spring 2002.

These items will probably require states to re-examine their school district financial manuals and update for changes.